

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

IRVINGTON COMMUNITY SCHOOL
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/22/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of School	Timothy P. Ehrgott	07-01-09 to 06-30-10
	(Vacant)	07-01-10 to 10-18-10
	David Nidiffer	10-19-10 to 06-30-12
Treasurer	David Nidiffer	07-01-09 to 06-30-12
Chair of the School Board	Leslie Hiner	07-01-09 to 06-30-11
	Jeff Lozer	07-01-11 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Irvington Community School (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 13, 2012



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statement of Irvington Community School (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 13, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ (99,948)	\$ 5,292,415	\$ 13,546,968	\$ 8,363,764	\$ 9,263	\$ 7,839,110	\$ 7,834,331	\$ 2,834	\$ 16,876
Debt Service	168,396	2	-	(168,398)	-	-	-	-	-
School Lunch	-	235,970	206,679	-	29,291	340,157	216,468	-	152,980
Textbook Rental	1,981	49,609	51,590	-	-	64,491	64,491	-	-
Walton Grant 04/05	53,219	-	-	-	53,219	-	53,219	-	-
Cell Grant (Nessi Funding)	94,470	-	7,020	-	87,450	-	87,450	-	-
Challenge Foundation Grant	13,488	-	-	-	13,488	-	13,488	-	-
School Administration Fund	19,732	163,327	183,059	-	-	123,440	87,242	(2,834)	33,364
School Technology	-	-	-	-	-	4,800	4,800	-	-
Title I 08/09	40,363	10,726	51,043	(46)	-	-	-	-	-
Title I 09/10	-	312,579	254,333	46	58,292	-	58,292	-	-
Title I 10/11	-	-	-	-	-	249,752	170,085	-	79,667
Special Education 09/10	-	95,126	95,126	-	-	-	-	-	-
Special Education 10/11	-	-	-	-	-	109,668	109,668	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	64,005	-	-	64,005	72,522	136,527	-	-
Facilities Grant	-	230,080	230,080	-	-	249,200	249,200	-	-
TIF/TAP Grant	-	-	-	-	-	-	70	-	(70)
Fiscal Stabilization - Education	-	139,988	139,988	-	-	-	-	-	-
Title I - Grants to LEAs	-	114,450	103,678	-	10,772	121,091	104,581	-	27,282
Special Education - Part B	4,300	107,788	112,088	-	-	-	-	-	-
Education Technology	-	97,154	97,154	-	-	3,333	3,333	-	-
Education Jobs	-	-	-	-	-	156,093	156,093	-	-
PERF	-	-	-	-	-	-	-	1,619	1,619
Teachers Retirement	5,607	-	-	(5,607)	-	-	-	7,298	7,298
403B	6,260	-	-	(6,260)	-	-	-	5,778	5,778
Payroll Liabilities	(2,164)	-	-	2,164	-	-	-	(3,166)	(3,166)
Totals	\$ 305,704	\$ 6,913,219	\$ 15,078,806	\$ 8,185,663	\$ 325,780	\$ 9,333,657	\$ 9,349,338	\$ 11,529	\$ 321,628

The notes to the financial statement are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include educational license plate fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following fiscal year.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

C. 403 (b) Plan

The School Corporation also offers a 403(b) retirement plan through the Indiana Public Charter School Association. The service provider is The Principal Group. Information regarding the plan may be obtained from the School Corporation.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010

	General	Debt Service	School Lunch	Textbook Rental	Walton Grant 04/05	Cell Grant (Nessi Funding)	Challenge Foundation Grant
Cash and investments - beginning	\$ (99,948)	\$ 168,396	\$ -	\$ 1,981	\$ 53,219	\$ 94,470	\$ 13,488
Receipts:							
Local sources	6,862	2	105,305	40,586	-	-	-
Intermediate sources	19	-	-	-	-	-	-
State sources	4,424,942	-	2,492	9,023	-	-	-
Federal sources	-	-	128,173	-	-	-	-
Temporary loans	860,592	-	-	-	-	-	-
Total receipts	5,292,415	2	235,970	49,609	-	-	-
Disbursements:							
Current:							
Instruction	2,827,186	-	-	51,325	-	3,784	-
Support services	1,210,304	-	355	265	-	2,468	-
Noninstructional services	60,396	-	206,324	-	-	768	-
Facilities acquisition and construction	1,071,880	-	-	-	-	-	-
Debt services	8,376,541	-	-	-	-	-	-
Nonprogrammed charges	661	-	-	-	-	-	-
Total disbursements	13,546,968	-	206,679	51,590	-	7,020	-
Excess (deficiency) of receipts over disbursements	(8,254,553)	2	29,291	(1,981)	-	(7,020)	-
Other financing sources (uses):							
Proceeds of long-term debt	8,195,366	-	-	-	-	-	-
Transfers in	550,931	-	-	-	-	-	-
Transfers out	(382,533)	(168,398)	-	-	-	-	-
Total other financing sources (uses)	8,363,764	(168,398)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	109,211	(168,396)	29,291	(1,981)	-	(7,020)	-
Cash and investments - ending	\$ 9,263	\$ -	\$ 29,291	\$ -	\$ 53,219	\$ 87,450	\$ 13,488

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	School Administration Fund	Title I 08/09	Title I 09/10	Special Education 09/10	Improving Teaching Quality, No Child Left, Title II, Part A	Facilities Grant	Fiscal Stabilization - Education
Cash and investments - beginning	\$ 19,732	\$ 40,363	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	163,327	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	10,726	312,579	95,126	64,005	230,080	139,988
Temporary loans	-	-	-	-	-	-	-
Total receipts	163,327	10,726	312,579	95,126	64,005	230,080	139,988
Disbursements:							
Current:							
Instruction	63,440	51,043	227,791	95,126	-	-	116,963
Support services	82,137	-	26,542	-	-	-	23,025
Noninstructional services	3,951	-	-	-	-	-	-
Facilities acquisition and construction	33,247	-	-	-	-	-	-
Debt services	-	-	-	-	-	230,080	-
Nonprogrammed charges	284	-	-	-	-	-	-
Total disbursements	183,059	51,043	254,333	95,126	-	230,080	139,988
Excess (deficiency) of receipts over disbursements	(19,732)	(40,317)	58,246	-	64,005	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	43	-	46	-	-	-	-
Transfers out	(43)	(46)	-	-	-	-	-
Total other financing sources (uses)	-	(46)	46	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,732)	(40,363)	58,292	-	64,005	-	-
Cash and investments - ending	\$ -	\$ -	\$ 58,292	\$ -	\$ 64,005	\$ -	\$ -

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Title I - Grants to LEAs	Special Education - Part B	Education Technology	Teachers Retirement	403B	Payroll Liabilities	Totals
Cash and investments - beginning	\$ -	\$ 4,300	\$ -	\$ 5,607	\$ 6,260	\$ (2,164)	\$ 305,704
Receipts:							
Local sources	-	6	-	-	-	-	316,088
Intermediate sources	-	-	-	-	-	-	19
State sources	-	-	-	-	-	-	4,436,457
Federal sources	114,450	107,782	97,154	-	-	-	1,300,063
Temporary loans	-	-	-	-	-	-	860,592
Total receipts	114,450	107,788	97,154	-	-	-	6,913,219
Disbursements:							
Current:							
Instruction	100,472	112,088	-	-	-	-	3,649,218
Support services	2,929	-	57,747	-	-	-	1,405,772
Noninstructional services	267	-	-	-	-	-	271,706
Facilities acquisition and construction	10	-	39,407	-	-	-	1,144,544
Debt services	-	-	-	-	-	-	8,606,621
Nonprogrammed charges	-	-	-	-	-	-	945
Total disbursements	103,678	112,088	97,154	-	-	-	15,078,806
Excess (deficiency) of receipts over disbursements	10,772	(4,300)	-	-	-	-	(8,165,587)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	8,195,366
Transfers in	-	-	-	-	-	2,164	553,184
Transfers out	-	-	-	(5,607)	(6,260)	-	(562,887)
Total other financing sources (uses)	-	-	-	(5,607)	(6,260)	2,164	8,185,663
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,772	(4,300)	-	(5,607)	(6,260)	2,164	20,076
Cash and investments - ending	\$ 10,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,780

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Walton Grant 04/05	Cell Grant (Nessi Funding)	Challenge Foundation Grant	School Administration Fund	School Technology
Cash and investments - beginning	\$ 9,263	\$ 29,291	\$ -	\$ 53,219	\$ 87,450	\$ 13,488	\$ -	\$ -
Receipts:								
Local sources	148,753	164,281	56,581	-	-	-	123,440	-
State sources	5,355,004	3,039	7,910	-	-	-	-	4,800
Federal sources	-	172,837	-	-	-	-	-	-
Temporary loans	2,335,353	-	-	-	-	-	-	-
Total receipts	7,839,110	340,157	64,491	-	-	-	123,440	4,800
Disbursements:								
Current:								
Instruction	3,767,837	-	64,036	53,219	67,450	11,523	66,350	-
Support services	1,585,203	430	455	-	6,080	-	6,546	4,800
Noninstructional services	(110)	216,038	-	-	-	-	1,853	-
Facilities acquisition and construction	1,399,271	-	-	-	13,920	1,965	12,493	-
Debt services	1,078,467	-	-	-	-	-	-	-
Nonprogrammed charges	3,663	-	-	-	-	-	-	-
Total disbursements	7,834,331	216,468	64,491	53,219	87,450	13,488	87,242	4,800
Excess (deficiency) of receipts over disbursements	4,779	123,689	-	(53,219)	(87,450)	(13,488)	36,198	-
Other financing sources (uses):								
Transfers in	690,787	-	-	-	-	-	-	-
Transfers out	(687,953)	-	-	-	-	-	(2,834)	-
Total other financing sources (uses)	2,834	-	-	-	-	-	(2,834)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,613	123,689	-	(53,219)	(87,450)	(13,488)	33,364	-
Cash and investments - ending	\$ 16,876	\$ 152,980	\$ -	\$ -	\$ -	\$ -	\$ 33,364	\$ -

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Title I 09/10	Title I 10/11	Special Education 10/11	Improving Teaching Quality, No Child Left, Title II, Part A	Facilities Grant	TIF/TAP Grant	Title I - Grants to LEAs
Cash and investments - beginning	\$ 58,292	\$ -	\$ -	\$ 64,005	\$ -	\$ -	\$ 10,772
Receipts:							
Local sources	-	-	-	-	-	-	(2)
State sources	-	-	-	-	-	-	-
Federal sources	-	249,752	109,668	72,522	249,200	-	121,093
Temporary loans	-	-	-	-	-	-	-
Total receipts	-	249,752	109,668	72,522	249,200	-	121,091
Disbursements:							
Current:							
Instruction	58,273	141,620	109,668	136,527	-	70	90,837
Support services	19	28,465	-	-	-	-	13,744
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	249,200	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	58,292	170,085	109,668	136,527	249,200	70	104,581
Excess (deficiency) of receipts over disbursements	(58,292)	79,667	-	(64,005)	-	(70)	16,510
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,292)	79,667	-	(64,005)	-	(70)	16,510
Cash and investments - ending	\$ -	\$ 79,667	\$ -	\$ -	\$ -	\$ (70)	\$ 27,282

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Education Technology	Education Jobs	PERF	Teachers Retirement	403B	Payroll Liabilities	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,780
Receipts:							
Local sources	-	-	-	-	-	-	493,053
State sources	-	-	-	-	-	-	5,370,753
Federal sources	3,333	156,093	-	-	-	-	1,134,498
Temporary loans	-	-	-	-	-	-	2,335,353
Total receipts	3,333	156,093	-	-	-	-	9,333,657
Disbursements:							
Current:							
Instruction	-	156,093	-	-	-	-	4,723,503
Support services	-	-	-	-	-	-	1,645,742
Noninstructional services	-	-	-	-	-	-	217,781
Facilities acquisition and construction	3,333	-	-	-	-	-	1,430,982
Debt services	-	-	-	-	-	-	1,327,667
Nonprogrammed charges	-	-	-	-	-	-	3,663
Total disbursements	3,333	156,093	-	-	-	-	9,349,338
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(15,681)
Other financing sources (uses):							
Transfers in	-	-	1,619	7,298	5,778	(3,166)	702,316
Transfers out	-	-	-	-	-	-	(690,787)
Total other financing sources (uses)	-	-	1,619	7,298	5,778	(3,166)	11,529
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,619	7,298	5,778	(3,166)	(4,152)
Cash and investments - ending	\$ -	\$ -	\$ 1,619	\$ 7,298	\$ 5,778	\$ (3,166)	\$ 321,628

IRVINGTON COMMUNITY SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Capital assets:	
Capital assets, not being depreciated:	
Land	\$ 533,399
Buildings	5,922,788
Improvements other than buildings	646,739
Machinery and equipment	<u>564,101</u>
Total capital assets	<u>\$ 7,667,027</u>

IRVINGTON COMMUNITY SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Capital Lease - classroom equipment 2006	\$ 68,516	\$ 61,341
Capital Lease - classroom equipment 2008	133,655	72,488
Capital Lease - classroom equipment 2008	6,995	12,411
Capital Lease - computer servers and phone system	4,449	5,121
Capital Lease - classroom equipment 2010	168,888	104,234
Notes and loans payable:		
Common School Loans	2,708,499	-
Bonds payable:		
General obligation bonds:		
Debt Consolidation/Construction Renovation	8,195,366	778,731
QZAB Bonds	1,300,000	28,703
Total debt	<u>\$ 12,586,368</u>	<u>\$ 1,063,029</u>

IRVINGTON COMMUNITY SCHOOL
OTHER REPORT

The audit report presented herein was prepared in addition to the other official report prepared for the School Corporation as listed below:

School Supplemental

IRVINGTON COMMUNITY SCHOOL
AUDIT RESULT AND COMMENT

TEXTBOOK RENTAL CALCULATIONS

Textbook rental fees were charged to students for the 2009-2010 and 2010-2011 school years. The fees charged were not properly calculated and the same amounts of fees were charged over several years. Documentation to support the amounts charged was not presented for audit.

Indiana Code 20-26-12-2 states in part:

". . . The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

- (1) extended for usage by students under section 24(e) of this chapter; and
- (2) paid for through rental fees previously collected.

(c) This section does not limit other laws."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Irvington Community School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 13, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

IRVINGTON COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2009-2010 FY 2010-2011	\$ 4,030 -	\$ - 13,824
Total for program			4,030	13,824
National School Lunch Program	10.555	FY 2009-2010 FY 2010-2011	124,143 -	- 173,568
Total for program			124,143	173,568
Total for federal grantor agency			128,173	187,392
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-9330 10-9330 11-9330	51,089 254,334 -	- 58,292 170,086
Total for program			305,423	228,378
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	ARRA	103,678	104,583
Total for cluster			409,101	332,961
Special Education Cluster				
Special Education - Grants to States	84.027	09-9330 10-9330	95,126 -	- 109,668
Total for program			95,126	109,668
ARRA - Special Education - Grants To States (IDEA Part B), Recovery Act	84.391	ARRA	112,088	-
Total for cluster			207,214	109,668
Education Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act (Enhancing Education Through Technology Program)	84.386	ARRA	97,154	3,333
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	09-9330	139,988	-
Charter Schools	84.282	10-9330	230,080	249,200
Improving Teacher Quality State Grants	84.367	10-9330	-	136,527
ARRA - Education Jobs Fund, Recovery Act	84.410	10-9330	-	156,093
Total for federal grantor agency			1,083,537	987,782
Total federal awards expended			\$ 1,211,710	\$ 1,175,174

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

IRVINGTON COMMUNITY SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Irvington Community School (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ -	\$ 1,026
National School Lunch Program	10.555	-	13,529

IRVINGTON COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.282	Child Nutrition Cluster Special Education Cluster Title I, Part A Cluster Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
--	----

Section II – Financial Statement Findings

No matters are reportable.

IRVINGTON COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Finding and Questioned Cost

FINDING 2011-1 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: Title I, Part A Cluster

CFDA Number: 84.010, 84.389

Federal Award Number and Year (or Other Identifying Number): 09-9330, 10-9330, 11-9330

Pass-Through Entity: Indiana Department of Education

Proper internal controls were not in place to ensure that surplus cash was not on hand. Amounts received by the School Corporation for the Title I, Part A Cluster grants were drawn down in advance. School Corporation officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of Title I, Part A Cluster grant funds exceeded the allowable cash balance based on estimated future requirements for two of the twelve months in 2009-2010 and two of the twelve months in 2010-2011. The cash balances of all Title I, Part A Cluster grants at June 30, 2010 and 2011, as reported to the Indiana Department of Education, were \$69,064.03 and \$106,949.26, respectively, which was approximately 16 percent of the total grants received during 2009-2010 and 29 percent of the total grants received during 2010-2011. In both instances, the estimated cash needs in the few months subsequent to year end did not substantiate the need for this amount of cash. Cash drawdown requests were not revised to ensure there would not be excess cash on hand throughout the school years.

Due to the magnitude of non-compliance and weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR 80.20 (b)(7) states:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

IRVINGTON COMMUNITY SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.



Corrective Action Plan

School Officers

David J. Nidiffer,
CEO/CFO

Tim Mulherin, COO

Al Holok, CAO

Board of Directors

Jeffrey M. Lozer
(Chair)

Geoffrey Slaughter
(Secretary)

John A. Williams
(Treasurer)

Barato L. Britt

Garland Graves

Michael A. Welch

Robert Vane

Advisory Board

Leslie Hiner
(Former Chair)

Program: Title 1, Part A Cluster

CDFA# 84.010

Finding#: 2011-1

Audit Period: 07-01-09 to 06-30-2011

FEDERAL FINDING 2011-1, INTERNAL CONTROLS OVER CASH MANGEMENT

Federal Agency: U.S. Department of Education

Federal Program: Title I, Part A Cluster

CFDA Number: 84.010, 84.389

Federal Award Number and Year (or Other Identifying Number): 09-9330, 10-9330, 11-9330

Pass-through Entity: Indiana Department of Education

Proper internal controls were not in place to ensure that surplus cash was not on hand. Amounts received by the School Corporation for the Title I, Part A Cluster Grant were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of Title I grant funds exceeded the allowable cash balance based on estimated future requirements for two of the twelve months in 2009-2010 and two of the twelve months in 2010-2011. The cash balances of all Title I grants at June 30, 2010 and 2011, as reported to the Indiana Department of Education, were \$69,064.03 and \$106,949.26, respectively, which was approximately 16% of the total grants received during 2009-2010 and 29% of the total grants received during 2010-2011. In both instances, the estimated cash needs in the few months subsequent to year end did not substantiate the need for this amount of cash. Cash drawdown requests were not revised to ensure there would not be excess cash on hand throughout the school years.

Due to the magnitude of non-compliance and weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR 80.20 (b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

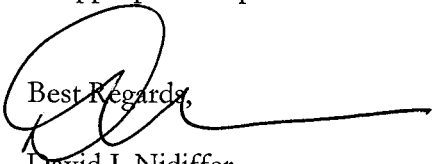
We recommend that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

Corrective Action Plan

Irvington Community School, Inc. (ICS) did not appropriately estimate the Title I funds needed versus amounts requested in a timely fashion causing a surplus of cash. **All funds were ultimately used and used appropriately for Title I services.** ICS and IDOE have already implemented measures to mitigate this from happening in the future:

- IDOE has modified the allowable methodology for reimbursement for Title I funds from total monies awarded divided by 12 to get monthly allotments in SY09-10 to estimates of monies spent in future periods (for example, ICS would estimate dollars need in a given month and ask for funds at the beginning of the month) in SY10-11 to the current actual reimbursement method for SY11-12. Because of these changes Title I surpluses should not accumulate in the future;
- For SY11-12, ICS performed a review of its Title I budget versus spend/reimbursement process to ensure appropriate timing of the request for funds;
- ICS will review the timing of Title I reimbursements quarterly with the BOD Treasurer to ensure proper timing of the reimbursement requests; and
- ICS will work with their outside bookkeeper to ensure timely record keeping in the booking of appropriate expenses to the Title I fund balances.

Best Regards,


David J. Nidiffer
Chief Executive Officer
Irvington Community School, Inc.

dnidiffer@ics-charter.org
317-357-3770 x 103

IRVINGTON COMMUNITY SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2012, with David Nidiffer, Treasurer; John Williams, Treasurer of the School Board; and Cindy Sum, Bookkeeper. The Official Response has been made a part of this report and may be found on page 40.



March 20, 2012

State Board of Accounts
OFFICAL RESPONSE
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

Dear Sir(s) or Madam(s):

Irvington Community School, Inc.'s OFFICAL RESPONSES to the SBoA comments on the most recent audit period ending June 30, 2011 are as follows:

School Officers

David J. Nidiffer,
CEO/CFO

Tim Mulberin, COO

Al Holok, CAO

Board of Directors

Jeffrey M. Lozer
(Chair)

Geoffrey Slaughter
(Secretary)

John A. Williams
(Treasurer)

Barato L. Britt

Garland Graves

Michael A. Welch

Robert Vane

Advisory Board

Leslie Hiner
(Former Chair)

TEXTBOOK RENTAL CALCULATIONS

ICS has consistently calculated textbook fees by using 4 year cost averaging and smoothing across school levels (for example, ICS charged the same textbook fee to all middle school students). We understand this is not in accordance IC 20-26-12-2 and as such, ICS has already modified its practice to conform the Indiana Code for SY12-13.

David J. Nidiffer
Chief Executive and Financial Officer
Irvington Community Schools